

# Employers' Guide

to Industrial Insurance



January 2003



The information in this publication is current as of the publication date. Every attempt is made to keep the information up to date. Changes that occur periodically as a result of new legislation, administrative rule changes or court hearings will be included in subsequent printings.

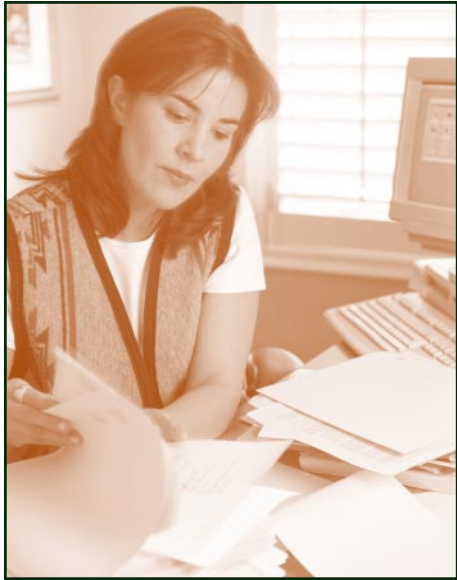
Note: We use the following terms interchangeably in this publication:

- industrial insurance and workers' compensation
- employee and worker
- Department of Labor and Industries, Labor and Industries, and L&I

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# WHAT IS Industrial Insurance?

Industrial insurance coverage protects both workers and employers from the financial impact of a work-related injury or occupational disease.

It pays for an injured worker's approved medical, hospital and related services that are essential to his/her treatment and recovery. An injured worker who is temporarily unable to work also receives partial wage replacement payments.

As an employer or prospective employer, you must provide industrial insurance coverage for your employees. Coverage is mandatory. In return, you ordinarily cannot be sued for damages when a work-related injury or illness occurs.

Employers purchase coverage through the Department of Labor and Industries. L&I manages all claims and pays benefits out of an insurance pool called the Washington State Fund. The fund is financed by premiums paid by employers and employees, not by general revenue taxes.

However, employers may qualify for self-insurance if they are profitable and can post a bond guaranteeing the financial resources to pay all insurance costs, and they have an effective accident-prevention program.

This publication is a general guide that explains Washington State's industrial insurance program. It is not a legal interpretation of industrial insurance law, but it will help you understand employers' basic legal requirements and suggest ways to minimize your industrial insurance costs.

# Providing Coverage

## Mandatory Coverage

Generally, employers of one or more employees must provide industrial insurance coverage.

There are two ways to provide this coverage, depending on the size and financial resources of your business. Most businesses participate in the state's industrial insurance program – the Washington State Fund. The largest, most financially secure companies in the state and some governmental entities may qualify for self-insurance.

The Department of Labor and Industries, Insurance Services Division, manages the Washington State Fund. This fund derives its income solely from premiums paid by you and your employees. The fund receives no money from general tax revenues.

The definitions of “employers” and “workers” used for industrial insurance purposes are located in Appendix A. All Washington workers must be covered through the State Fund, unless they work for a qualified self-insured employer or are subject to an exemption listed in the next section.

## Exempt Employment

### ► Employees Not Covered

You are not required to provide coverage for the following employees. These are the only exceptions allowed.

1. A domestic servant in a private home. However, if two or more are employed regularly for 40 or more hours each per week all must be covered.



2. A person employed to do gardening, maintenance, repair or similar work at an employer's private home.
3. A person who is not a regular employee of the trade, business or profession of the employer and is not working at the employer's private home. This exemption refers to a person hired to perform a personal errand or chore that benefits the employer as an individual, but not the business. For example, someone hired to repair a flat tire on a personal car not used for business.
4. A person working only in return for aid or sustenance from a religious or charitable organization.
5. A child under age 18 employed by a parent in agricultural activities on the family farm.
6. A jockey who is participating in or preparing horses for a racing meet licensed by the Washington Horse Racing Commission.
7. An employee who gets workers' compensation benefits through the Federal Employees' Compensation Act, Longshoremen's and Harbor Workers' Compensation Act, Jones Act, or Law Enforcement Officers and Fire Fighters Compensation Plan.
8. A musician or entertainer who is working at a specific engagement and performing no other duties, who is not regularly employed by the purchaser of such services. The term purchaser does not include the leader of an entertainment group who regularly employs musicians or other entertainers.
9. A newspaper carrier who sells or distributes papers on the street or from house to house.
10. An insurance agent, broker or solicitor.
11. A cosmetologist, beautician or barber who rents or leases booth space.
12. A student volunteer (K-12th grade).

## Owners

13. A sole proprietor or partner of a business.
14. Members of a limited liability company (LLC) if they manage the company (and there are no managers), or managers of a LLC who are also members and who exercise substantial control in the daily management of the company. Only eight managers may be exempted unless all managers are related by blood within the third degree of marriage.
15. Corporate officers of a public corporation are exempt if they meet the following criteria:
  - a. A bona fide corporate officer who also is on the board of directors and a shareholder, being elected according to the corporation's bylaws and articles of incorporation, and
  - b. Has the substantial control in daily management of the corporation, and
  - c. Primary duties do not include manual labor.

## Alternative for Non-public Corporations

Non-public corporations may exempt up to eight, regardless of the performance of manual labor, if they are bona fide officers, have substantial control in daily management of the corporation and are a shareholder. However, any number may be exempt if they are all related by blood within the third degree of marriage, and are bona fide officers.

Corporations that choose to cover officers who may be exempt must apply to L&I for coverage. L&I will not honor claims unless an Application for Elective Coverage has been completed by the non-public corporation and filed with the department.



### ► Exclusion on Family Farms

An adult child between the ages of 18 and 21 employed by a parent in agricultural activities on the family farm comes under mandatory coverage. To exempt the child or children, you must submit an Application for Exclusion/Inclusion Mandatory Coverage (Family Farm).

### Optional (Elective) Coverage

State Fund coverage is available for employees exempt from mandatory coverage (except those described in Item 7 under Exempt Employment). This coverage is referred to as optional or “elective” coverage. For more information, contact Employer Services in Tumwater at 360-902-4817.

To obtain “elective” coverage, you must complete and return an Application for Elective Coverage. However, this coverage cannot be in effect before the date and time that Labor and Industries receives your application.

You may cancel elective coverage by sending written notice to Labor and Industries, although, in certain cases, coverage cannot be canceled until 30 days after Labor and Industries receives your cancellation notice.

### Insuring Minors

Industrial insurance laws protect virtually all employees, including minors (workers under 18 years of age). Even minors working for a parent in the family business are covered.

The only exception is a minor working on a family farm. (See Exempt Employment, page 3.)

Before you hire a minor employee, you must obtain a minor work permit endorsement to your Master Business License. The Department of Licensing or local offices of Labor and Industries can help you obtain this endorsement.

L&I can assess civil penalties or pursue criminal penalties on employers who violate child labor laws.

For more information and to receive a copy of the brochure, *Teen Workers Have Two Jobs*, visit L&I’s Employment Standards Web site at [www.LNI.wa.gov/scs/workstandards/teenworker.htm](http://www.LNI.wa.gov/scs/workstandards/teenworker.htm) or call 360-902-5316.

### Out-of-state Workers

If you have employees in other states or in foreign countries, please contact Employer Services in Tumwater at 360-902-4817 for detailed information about out-of-state coverage.

The department maintains reciprocity agreements with several states. They are used to determine whether Washington’s industrial insurance laws or those of another state cover an employee.

Employers may request proof of coverage letters for employees temporarily assigned out of state. These letters prove your workers are covered by the Washington State Fund and often prevent employers from having to pay premiums in two different states for the same employee. They do not, however, override the laws of states that do not honor Washington State coverage.

Out-of-state employers bringing their out-of-state employees to work temporarily in Washington may use their state’s industrial insurance coverage if they have filed an “extra-territorial certificate” with the Department of Labor and Industries prior to arrival.

Some exceptions apply. For example, an out-of-state employer who is required to be a licensed contractor in Washington or is required to be pre-qualified under RCW 47.28.070 may not be able to use another state’s coverage. Instead, when they do work in Washington with employees from another state, they must either:

- Obtain workers’ compensation under Title 51 (State Fund), or



- Qualify as a Washington self-insurer, or
- Come from a state or province with which Washington has a reciprocal agreement and, if permitted by the agreement, file a certificate of coverage with L&I.

## Independent Contractors

If you enter into a contract with an independent contractor who does not have employees or doesn't provide major equipment, you are probably required to provide industrial insurance coverage.

See Appendix A for more detailed information on independent contractors. Appendix A also explains how you can protect your business from liability if subcontractors fail to pay required industrial insurance premiums for their employees. Appendix B contains information on "responsibility for a subcontractor's unpaid premiums."

## Contract Entertainers

If you contract with entertainers you may be required to provide industrial insurance. Appendix B contains more detailed information.

## Self-insured Businesses

Qualified employers with substantial resources and effective accident-prevention programs may provide industrial insurance coverage for their employees through self-insurance.

A self-insured employer assumes all risks and costs of industrial insurance coverage and pays all benefits out of company funds. The Department of Labor and Industries must certify self-insured employers. To qualify, an employer must meet certain criteria, such as proving financial solvency and stability, fulfilling certain bonding requirements and establishing an effective accident prevention program.

If you are interested in applying for self-insurance, please contact:

Self-Insurance Section  
Department of Labor and Industries  
PO Box 44891  
Olympia, WA. 98504-4891  
Phone: 360-902-6901

# Opening An Account

To obtain industrial insurance coverage through the Washington State Fund, you must open an account by completing and returning a Master Application. This form is available from offices of the Department of Revenue, Employment Security Department or Department of Labor and Industries. The form is also available from Master License Services in the Department of Licensing, Olympia, and from the Corporations Division in the Secretary of State's Office, Olympia.



Once you open an account, you will be assigned an account manager who can answer questions specific to your company.

## Employer Classifications

The basic premium for your industrial insurance coverage depends on the risk classification or classifications assigned to your business.

There are approximately 300 classifications. Each refers to a type, or several types, of business activity and has its own basic insurance rate. This rate reflects the risk of workplace injury or disease in the industry as a whole.

Generally, it is the business of the employer that is classified, not the separate occupations or operations of individual employees within the employer's business.

When you apply for an industrial insurance account, State Fund underwriters will assign one or more risk classifications based on the type of business described on your application. If the classifications assigned to your business do not appear to be correct, or the nature of

your business changes, a change in your risk classification may be required. To request a change, or for more information on employer risk classifications, call Employer Services in Tumwater at 360-902-4817.

## Premium Rates

Soon after you open your industrial insurance account with L&I, you will receive an “Industrial Insurance Rate Notice.” You also will receive a new rate notice whenever Labor and Industries adjusts premium rates or when your individual experience factor rating is recalculated. This rate notice tells you the rate you will pay per worker-hour/unit for each risk classification assigned to your business. We refer to these hourly/unit rates as “composite rates” because they are a combination of three separate components: the accident fund rate, the medical aid rate and the supplemental pension assessment. The rate notice also shows these three elements individually.

*They work like this:*

**Accident-fund premium.** Only employers pay this premium. It provides money to pay non-medical claim costs such as wage-replacement benefits, most vocational rehabilitation costs, disability pensions and survivor benefits.

**Medical-aid premium.** Employers and employees pay this premium. It pays for medical care and related services essential to an injured worker’s recovery, including some vocational rehabilitation.

**Supplemental-pension assessment.** Employers and employees pay this assessment. It provides cost-of-living increases to injured workers with extended disabilities. The rate is the same for all risk classifications.

## Employee Contributions

Under state law, a portion of the premium due, equal to one-half of both the medical-aid rate and supplemental-pension assessment, may be paid by employee contribution.

Labor and Industries does not collect each worker’s share directly. Instead, employers have the option to collect their employees’ portion through payroll deductions. The maximum payroll deduction rate for each risk classification assigned to your business is shown on your rate notice.

You can use any amount up to the amount shown on your rate notice, but it is illegal to withhold more than the authorized amount.

Each pay period, calculate the amount you withhold by multiplying the payroll deduction rate (found on your Industrial Insurance Rate Notice) times the actual number of hours/units each employee worked.

Some businesses choose not to make employee payroll deductions. These businesses still are responsible for paying the total premium due.

## Experience Rating

### What is experience rating?

It is the result of your workers’ hours/units (exposure) and claims (losses) occurring during a period that we call the “experience period.” This result will affect your industrial insurance rates for a calendar year.

Every eligible employer is experience rated on an annual basis. An eligible employer, as defined by Washington Administrative Code, is an employer who reported experience (worker hours/units) during a given experience period.

Businesses that have common majority ownership will be experience rated together on the same policy and share the experience factor.

In most cases, businesses that are sold and continue to perform the same operations in Washington will have their experience transferred to the new ownership.

### ► What is the experience period?

The experience period is the oldest three of the four fiscal years preceding the effective date of premium rates. (Fiscal year = July 1 through June 30.) The premium rates are effective on January 1 of each year.

Labor and Industries calculates the experience factor by comparing your accident costs to the average costs of other companies having the same classification as your business. An experience factor greater than 1.0 indicates a business has had higher than average claim costs. A factor lower than 1.0 shows a business has had lower than average claim costs. New businesses usually start out with a factor of 1.0 until they become experience rated.

*Once you open an industrial insurance account, you will be assigned an account manager who can answer questions specific to your company.*

Claims with date of injury (DOI) and worker hours/units reported within the experience period will be used in calculating the experience factor for a given calendar year.

This table shows which calendar year will be affected by the experience period.

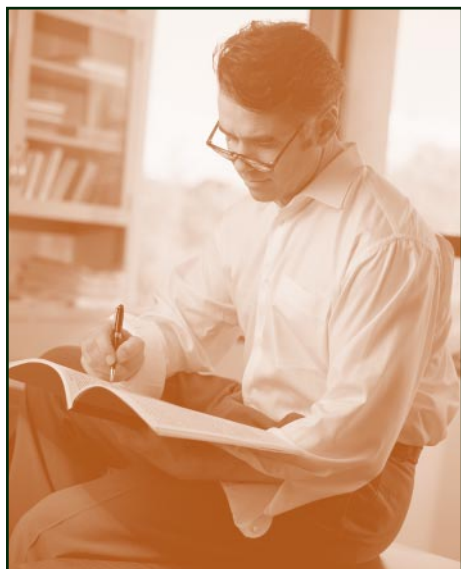
Experience Period	Covers Fiscal Years	Affects Rates for Calendar Year
07/01/1998 – 06/30/2001	1999, 2000, 2001	2003
07/01/1999 – 06/30/2002	2000, 2001, 2002	2004
07/01/2000 – 06/30/2003	2001, 2002, 2003	2005
07/01/2001 – 06/30/2004	2002, 2003, 2004	2006

### ► How long will a claim affect my premium rates?

A claim will affect your experience rating and premium rates for three years. For example, a claim with a date of injury between July 1, 2000 and June 30, 2001 will affect premiums for calendar years 2003, 2004 and 2005.

### ► How do I know what my experience factor is?

The experience factor is printed on your Industrial Insurance Rate Notice that we send to you when you open your account, and thereafter at the beginning of each calendar year. We determine your premium rates by multiplying your experience factor by the sum of the accident fund and medical aid base rates, then adding the supplemental pension assessment.



# Reporting and Record Keeping

## How to File Quarterly Reports

You can file your *Employer's Quarterly Report for Industrial Insurance* online or by mail.

### Online

You have the option of filing your industrial insurance quarterly reports online and paying premiums with electronic fund transfer or paper check. You can sign up for this option – *ExpressFiling* – at [www.LNI.wa.gov/expressfiling](http://www.LNI.wa.gov/expressfiling). Online forms automatically calculate premiums for you, eliminating the calculations you have to do yourself with “paper” reports. The *ExpressFiling* site includes additional information and a demo.

After you use *ExpressFiling* for two quarters, we will no longer mail you the paper version of the quarterly report. We encourage you to sign up for the e-mail notification feature. The e-mail we send you near the end of each calendar quarter will remind you to file.

### By Mail

Near the end of each calendar quarter, we will mail you the *Employer's Quarterly Report for Industrial Insurance*. Use this form to report hours (or other reporting units) for industrial insurance. (The report form includes instructions.) Employers who report on the “hour” basis will be asked to list the actual payroll and total number of hours worked in covered employment for the preceding quarter, broken down by industrial insurance risk classification. The composite rate for each risk classification assigned to your business is preprinted on the form. The rate is expressed in terms of dollars per worker hour/unit.

For example, a rate of \$.2550 means 25.5 cents per worker hour/unit. To determine the premium due, multiply the worker hours/units, not the payroll dollar amount, by the composite rate for each classification.

You or your authorized representative must sign the quarterly report and return it with your premium payment to Labor and Industries.

### ► When Reports Are Due

Quarterly reports must be filed online or postmarked on or before the due date. Payment must be made by the due date. Otherwise, the *Employer's Quarter Report of Industrial Insurance* becomes delinquent and Labor and Industries imposes penalties. (See *If You Fail to File Your Reports or Pay Premiums* on page 12.)

If you do not receive your quarterly report before the close of the quarter, contact your policy manager or local Labor and Industries' office.

Calendar Quarter	Quarterly Report Due By
January 1 through March 31	April 30
April 1 through June 30	July 31
July 1 through September 30	October 31
October 1 through December 31	January 31

If you have no worker hours/units to report, no premium is due. However, whether you file online or by mail, you still must submit a quarterly report marked "zero hours" or "no payroll."

## Determining Reportable Worker Hours/Units

Generally, you should report the actual number of hours/units worked by your employees. Do not include sick-leave hours, vacations or holidays, even if it is paid leave. Report overtime work on a one-to-one basis, in other words, each hour of overtime work is reported as one hour, even though time-and-a-half wages may have been paid.

It is difficult to keep an accurate record of actual hours worked for certain types of employees. For this reason, other methods for determining the number of hours to report have been developed. If any of your employees fit into one of the following categories, use the method described to report their hours.

**You can file your Employer's Quarterly Report for Industrial Insurance online or by mail.**

**Drywall employer.** Premiums for drywall workers are based on the square footage of material purchased for the job. Contact the L&I office nearest you for details.

**Resident managers or caretakers of apartments, hotels, motels and similar employment.** When your resident managers or caretakers work irregular hours and receive a fixed sum of money or other compensations, such as free or reduced rent, for their work, you must report and pay premiums using the following procedures:

Divide each worker's total compensation for the quarter (salary plus the market value of other compensation) by the "Average Hourly Wage" for industrial insurance class 4910. You must call Employer Services at 360-902-4817 each February to obtain the updated Average Hourly Wage.

**Inside commissioned personnel.** You must report the actual hours worked by all inside employees paid on a commission basis.

**Commissioned personnel.** If you pay your workers a percentage of the amount charged for the product or service, they are commissioned workers. For commission employees who work primarily at your premises, you must report actual hours. For commission employees who work primarily away from your premises, you may report either assumed or actual hours worked, if a daily record of actual hours is kept for each



worker. You must report all of your commission workers using the same method (either assumed or actual hours).

You must keep a record of the date each employee begins and ends employment. If you report assumed hours, you may report either eight hours for each day any work is performed or report 160 hours per month. If you are using the 160-hour rule, you may report 8 hours per day for new or terminated workers who work a partial month at the beginning or end of their employment. No reduction to reportable hours can be made for vacation, holiday or sick leave when reporting assumed hours.

**Salaried personnel.** You may report salaried workers using either 160 assumed hours per month for each worker or report the actual hours worked, if a daily record of actual hours is kept for each worker. You must report all of your salaried workers using the same method (either assumed or actual hours).

You must keep a record of the date each worker begins and ends employment. If you are using the 160-hour rule, you may report 8 hours per day for new or terminated workers who work a partial month at the beginning or end of their employment. No reduction to reportable hours can be made for vacation, holiday or sick leave when using the 160-hour rule.

**Optional “elective” coverages.** If your business provides optional coverage for an owner (sole proprietor, partner, exempt LLC member or manager or corporate officer), you may report either 160 assumed hours per month or actual hours, if a daily record of actual hours is kept. If you have optional coverage for other exempt workers, other than jockeys, you must report their actual hours if paid on an hourly, part-time salaried, commission or piecework basis. Report 160 hour per month for full-time salaried workers under optional coverage.

**Piece workers.** If an employee’s pay is based on completing tasks that are measured by the pound, ton, acre, unit, foot or other method, you must report actual hours worked.

**Non-contact sports teams.** If your employee is in the professional non-contact sports classification, you must report 40 hours per week for each employee who performs duties in that week. This classification includes baseball, basketball, soccer teams and certain other non-contact sports.

**Jockeys.** You must report 10 hours for each mount in each race when reporting hours worked by jockeys who are provided coverage. (Coverage for jockeys is optional.)

**Employees of licensed racehorse trainers.** Premiums for these workers are included in the licensing fee or renewal paid to the Washington Horse Racing Commission.

**Professional race drivers.** You must report 10 hours for each heat or race during a racing event. You also must report 10 hours for any day your driver does not drive or ride in a race, but does perform other duties.

## Splitting Worker Hours

The worker hours of any one employee may be divided for reporting purposes between two or more assigned basic risk classifications. This may be done only when accurate records of actual hours worked, supported by original timecard or time-book entries, document the division of duties.

You may not divide a worker’s hours between a “basic” classification and a “standard exception” classification, or between two standard exception classes. Standard exceptions are clerical office (class 4904), auto/truck/camper/trailer/mobile home/motorcycle and pleasure craft sales personnel (class 6301), door-to-door sales (class 6302), outside sales, (class 6303), LLC members/

manager (class 7100), corporate officers (class 7101), and permanent yard or shop (class 5206).

If you do not keep accurate records of divided worker hours, all of a worker's hours must be reported in the highest rated classification in which the worker has duties. Estimates or percentages are not acceptable documentation for splitting hours.

Employers may reduce premium costs in cases where dividing a worker's hours between risk classifications is allowable. If you are unsure if a division is allowed for a particular situation, please contact the L&I office nearest you.

### If You Fail to File Your Reports or Pay Premiums

If you fail to file a quarterly report, L&I will estimate the premiums due based on the best information we have available and we will take steps to collect the premiums owed.

We also assess penalties on delinquent accounts. The longer the account is delinquent, the greater the penalty.

Days Delinquent	Penalty
1st month overdue	5% penalty (\$10 minimum) + 1% interest on the premium owed
2nd month overdue	Additional 5% penalty + 1% interest on premium owed
3rd month overdue	Additional 10% penalty + 1% interest on premium owed
4th month overdue and thereafter	Additional 1% interest on premium each month

The minimum penalty is \$10. You must submit a report even if you report no hours/units. A late report indicating "no hours/units" will be assessed a \$10 penalty.

Interest will be assessed on all delinquent accounts at a rate of 1 percent per month on the premium owed. We count the number of calendar days elapsed since the due date including the date we receive the report or payment.

Other penalties may be assessed for non-payment of premiums, misrepresentations, excessive deductions from employees, failure to keep adequate payroll records or other violations.

### Record Keeping

State law requires every employer to keep records that will allow Labor and Industries to compute premiums. These records must be open for examination by L&I. Accurate, properly maintained records will help you manage your business and, in case of an audit, minimize the time needed for an accurate review.

To properly document hours reported on quarterly reports, maintain the following payroll and time records on each employee for at least three years:

- Employee name, address and Social Security number
- Date hired (and terminated, if applicable)
- Job title and type of work performed (see "Splitting Worker Hours")

*We also assess penalties on delinquent accounts. The longer the account is delinquent, the greater the penalty.*

- Type of compensation (hourly, salary, etc.)
- Pay period
- Actual hours worked each day

You must keep records of actual hours worked for workers paid on an hourly or piecework basis. The number of units earned or produced for piece workers must also be recorded.

Keeping records of the actual hours that outside commissioned and salaried employees work is optional.

If an employee is assigned to more than one risk classification, records of actual hours worked each day must also show how many hours the employee worked in each class.

- Gross pay
- Deductions from earnings and the purpose of each deduction
- Net pay
- Check numbers of checks issued

In addition to payroll and time records, the following tax records also need to be maintained for at least three years:

- Unemployment tax returns from the Employment Security Department
- State excise tax returns from the Department of Revenue
- Internal Revenue Service forms and tax returns. For example, W-2 statements, Form 941 (quarterly report), Form 1099 (miscellaneous income), Form 1065, Form 1040 (Schedule C)

Other records and information that may need to be referenced include:

- **Check registers**  
Canceled checks  
Cash disbursement journal (materials and supplies; miscellaneous contract labor)

#### ■ **Corporation documents**

Articles of Incorporation  
Bylaws  
Minutes of meetings

#### ■ **Contracts**

Invoices  
Financial statements  
Worksheets maintained for industrial insurance reports  
Subcontractor records  
Legal name  
Registration or license number  
UBI or L&I account ID number

## Accident Records

Keep complete records of all accidents, including minor ones. Even minor mishaps sometimes turn into injuries that require medical attention.

Accident-related records you should keep are:

- The injured worker's report of accident
- The supervisor's report of accident
- Industrial insurance claim log
- Claim date record

Use these records to complete the employer's section of the claim form or when resolving claim disputes.

## Audits

Labor and Industries may audit your employment records. During an audit, an L&I auditor will inspect your business operations and examine records to verify that your workers' payroll and hours have been reported accurately. An L&I auditor also will ensure that worker hours and claims associated with your account are in the appropriate risk classification.

### Posting Requirements

Industrial insurance law and regulations that Labor and Industries enforces require employers to post the following information.

#### ► Certificate of Coverage

You are required to obtain a certificate of insurance coverage and post it conspicuously in your place of business. You must have a separate certificate of coverage in each business location you operate. The certificate is issued when you open your account with L&I. You can obtain replacements by calling the L&I office nearest you. (We have listed these telephone numbers at the back of this publication.)

#### ► Mandatory Posters

You also must display three posters that inform your employees of their rights and responsibilities as workers. The required posters are:

- Notice to Employees – Industrial Insurance (F242-191-909)
- Job Safety and Health Protection poster (F416-081-000)
- Your Rights as a Worker (F700-074-000)  
(If you are an employer in agriculture, please request *Your Rights as an Agricultural Worker*, F700-083-000.)

You can obtain copies of these posters by calling any local L&I office or 1-800-547-8367. The posters are available in a printable form from L&I's Web site at [www.LNI.wa.gov/IPUB/](http://www.LNI.wa.gov/IPUB/). They also are available in Spanish.

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*You are required to obtain a certificate of insurance coverage and post it conspicuously in your place of business.*

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# Employee Benefits

Employees are eligible for industrial insurance benefits whenever or wherever a work-related injury or occupational illness occurs. Benefits also are paid if an employee is injured during a meal period at the job site, even though the person was not working at the time.

Benefits are not paid for intentional self-inflicted injuries or for injuries to an employee who is committing or attempting to commit a felony.

All benefit levels and the conditions for benefits normally are set by the state Legislature.

## Types of Benefits

**Medical services.** If your employee's claim is accepted, L&I pays for all doctor, hospital, surgical, pharmacy and other health care services necessary for the treatment of your employee's workplace injury or occupational disease. Usually, there are no out-of-pocket expenses to you or your employee.

Injured employees may select a doctor who is qualified to treat their injury or occupational disease.

Other services may include, but are not limited to, emergency ambulance service, special or home nursing care, dental repair, convalescent center care, crutches, braces, artificial limbs, glasses and hearing aids.

Some automobile and home modification costs are covered for employees suffering amputation or paralysis. These employees also receive lifetime prosthesis maintenance, including replacements needed because of normal wear-and-tear of the prosthesis or related physical changes.

**Damaged clothing.** In some cases, benefits may cover the cost of personal clothing, footwear or protective equipment that is damaged or lost because of a workplace injury. The same is true if those items are lost or damaged because of emergency treatment offered on the scene. Receipts for repair or replacement of articles are required.

**Travel expenses.** L&I can reimburse out-of-pocket travel expenses when the injured worker must travel more than 10 miles one way from his or her home to receive adequate health care services.

**Time-loss compensation payments (wage-replacement benefits).** Employees receive a percentage of their regular wages if they are unable to work because of an industrial injury or illness. These are known as time-loss compensation payments.

The employee is not paid for the day of injury or the first three calendar days after the injury unless he or she is unable to work for a period of 14 consecutive calendar days or more from the date of injury. An unsuccessful attempt to return to work within the 14-day period will not affect eligibility for payment for the first three days following the day of injury.

If the employee becomes disabled later than three days after an injury, time-loss compensation payments begin on the first day he or she is unable to work.

Time-loss compensation payments range from 60 percent to 75 percent of the injured worker's gross wage and certain benefits, depending upon the worker's marital status and number of children at the time of injury. Also, these benefits cannot exceed certain limits based on a percentage of the state's average wage. (The state's average wage varies; it is established by the Employment Security Department on July 1 of each year.) These benefits are based on a standard formula established by law. The maximum benefit ranges from 75 percent to 120 percent of the state's average wage depending on the date of injury.

See *Establishing an Employee's Gross Income* on page 17.

**Vocational rehabilitation.** Injured employees who are unemployable as a result of their industrial injuries may qualify for vocational rehabilitation services.

If appropriate, an injured worker will be referred to a vocational rehabilitation counselor for return-to-work assistance. A worker may be referred for vocational services at that time, or later, as the need occurs. You will be informed of any decisions about vocational rehabilitation.

**Other return-to-work help.** Labor and Industries can contribute up to \$5,000 to help you modify a job to fit an injured employee's abilities. Your employee may pursue suitable work with a different employer only when you do not have any appropriate jobs available.

Vocational retraining benefits are allowed only as a last resort. Retraining may include on-the-job training or a short-term vocational course.

**Permanent partial disability awards.** If your employee's industrial injury or occupational disease caused permanent loss of bodily function, he or she will receive a permanent partial disability award. The amount the employee receives for any physical loss is established by the Legislature and does not include compensation for pain and suffering. There are two types of permanent partial disabilities:

1. **Specified disabilities:** Some disabilities have awards that are already set by law. These are easily quantified losses, such as loss of vision or hearing, or the loss of an eye, leg, foot, toe, arm or finger by amputation.
2. **Unspecified disabilities:** These disabilities include every other type of impairment caused by an on-the-job injury or occupational illness, such as back injuries.

For "unspecified" disabilities, the extent of total bodily damage determines the amount



of the award. Qualified doctors use nationally recognized medical standards and guidelines to make this determination.

**Pension awards.** A monthly pension for life is granted to an employee whose injury or illness results in permanent inability to work, based on medical and vocational reports.

Pensions also are granted if the accident results in the loss of both legs or both arms, or the loss of a leg and an arm, or a complete loss of eyesight.

Pension benefits are referred to as permanent total disability (PTD) awards.

If a pensioned employee returns to work for wages, the pension will be terminated. An employee who claims benefits after voluntarily retiring is ineligible for total disability benefits.

**Survivor benefits.** The surviving spouse and legally dependent children receive a monthly pension if a work-related injury or occupational illness results in an employee's death.

The amount they receive is based on the formula used for setting time-loss compensation payments.

In addition, survivors receive an immediate cash payment of 100 percent of the state's average wage, plus funeral expenses of up to 200 percent of the same wage for deaths that result from injuries. The wage changes each July 1.

If the surviving spouse remarries, he or she may choose either a final cash settlement or the right to resume monthly pension payments if the marriage is terminated.

The employee's dependent children continue to receive monthly benefits while they are dependent, even if the surviving spouse remarries.

**Pension options.** If employees who filed claims after July 1, 1986, choose to receive a full pension and subsequently die of causes unrelated to an industrial injury or illness, their survivors will not be eligible for pension payments. However,

employees may choose to take a reduced pension. In that case, should they die of causes unrelated to their injury, their survivors will continue to receive pension payments.

## Establishing an Employee's Gross Income

When calculating an employee's benefits, L&I will first establish the employee's gross income at the time of the injury.\* L&I will issue a "wage order" providing the employee and you with the information that was used to calculate the employee's gross monthly income.

**\* If your employee has an occupational disease, gross income is based on the date the employee was last exposed, first required medical treatment or became disabled, whichever came first.**

The following are used to calculate gross monthly income:

- Gross wages earned before taxes, including income from a second job.
- Employer-provided medical, dental and vision benefits.
- The reasonable value of room and board, housing, fuel or similar considerations received from the employer as part of the employee's income.
- Any bonus the worker received as a part of the contract of hire with the employer at the time of injury.
- Tips reported by the employer for federal income tax purposes.
- Normally worked overtime hours or overtime pay may also be included.

If your employee's work pattern is determined to be exclusively seasonal, essentially part-time or intermittent, his/her gross monthly income would be determined by averaging the total wages earned, including overtime pay and tips, from all employment in any 12 successive calendar months preceding the injury that most fairly represents the employee's employment pattern.

# If AN Injury or Illness Occurs

## Filing an Accident Report

If a job-related injury or illness occurs, you and your employees have certain legal responsibilities.



### ► What the Injured Worker Must Do

- Report the injury or exposure and how it happened to a supervisor as soon as possible. Even minor injuries should be reported, but failure to report will not cause rejection of a claim.
- If medical attention is required, tell the treating doctor the injury is job-related. The doctor will provide a *Washington State Fund Report of Industrial Injury or Occupational Disease*, which serves as the official claim form. Labor and Industries must receive the accident report (claim) within one year of the date of injury.
- For occupational disease or illnesses, such as carpal tunnel syndrome, noise-induced hearing loss, occupational dermatitis and occupational asthma, the report of industrial injury or occupational disease must be filed within two years of receiving written notice from a doctor that the condition exists and is work-related.
- Complete the worker's section of the report of injury. All questions must be answered to avoid a possible delay in benefit payments.

## ► What the Doctor Must Do

In addition to the worker's section, the report of injury has a section to be filled out by the treating doctor and one for the injured worker's employer. The doctor must supply information such as the diagnosis and treatment given and provide an estimate of how many days your employee will be unable to work. Doctors are responsible for mailing the original, completed medical and claimant information sections to the department. They also must send a copy of these completed sections, along with the blank employer's section, to the employer.

Upon receiving the report of injury, the department

mails a Notice of Claim Arrival postcard to you and your injured employee. It serves as your official notice that a claim for benefits has been filed by one of your employees.

*If a job-related injury or illness occurs, you and your employees have certain legal responsibilities.*

information. Accurate wage and certain benefit information is important because it is used to calculate time-loss compensation benefits for the injured employee. Verify your employee's information, such as gross wages, hours worked and number of children at the time of injury.

If you question the validity of the claim, say so on the form and explain your reasons. This will help minimize invalid claims.

You also should indicate if someone not employed by you caused the accident.

Complete records of facts and all evidence surrounding the accident can be used to document the case and is to your advantage. (See *Worker Recourse for Injuries Caused by a Third Party* on page 20.)

## ► What the Employer Must Do

- Make sure your employee immediately obtains required medical care from the doctor or hospital of his or her choice.
- Provide transportation or emergency ambulance service, if needed. The department will reimburse you for these transportation costs upon written request.
- Complete the employer's section of the report of injury as soon as it arrives and mail the original copy to L&I immediately. If you don't receive one from the treating doctor, call and request it.

Please answer all questions completely and legibly. If you notice errors in the employee's section, provide corrected

## Discrimination Against Claimants

The law prohibits you from discriminating against employees in any way for exercising their rights under the industrial insurance law or for filing a complaint about workplace safety. However, it does not prevent you from taking action against an employee for unsafe work practices.

## Monitoring Your Employees' Claims

You will receive written notice of all decisions made about claims involving your employees.

For example, you will receive a notice if one of your employees becomes eligible for time-loss compensation benefits. It will tell you the amount to be paid by the State Fund and for how long. You will also receive a monthly Firm Statement of Awards. This is a summary of all medical payments made for that employee during the past month.

When L&I closes your employee's claim, we will send you a Notice of Decision. This notice will tell you if the injured worker is being granted an award for partial or total disability and, if so, how much the award will be.

By routinely checking these reports, you can stay informed of injury costs charged to your account. You can monitor your employee's progress and correct overpayments of time-loss benefits or medical costs. (See *If You Disagree With a Decision* on page 25.)

Monitoring claims cost is important because L&I uses these costs in computing your premium rates.

## Financial Protections for Employers

### ► Protection Against 'Second Injury' Risks

There are special situations, called "second injury claims," in which certain claim costs are not charged back to you and do not affect your experience rating. Instead, these claim costs are paid from the Second Injury Fund, which was created to encourage employers to hire previously injured workers. It protects you against certain financial risks should such workers suffer further injury after you hire them.

The Second Injury Fund comes to your aid in two ways:

- **Relief of certain pension costs.** If a worker's death or permanent total disability is caused by the combined effect of a previous disability and a new industrial injury, and not by the injury alone, all claim costs not directly related to the new injury will be paid out of the Second Injury Fund.

Only those claim costs directly related to the new industrial injury will go on your accident experience record.

This separation of claim charges prevents your account from being penalized for death or pension benefits when such benefits are not your obligation.

- **Relief of all claim costs.** The Second Injury Fund also is used to pay all claim costs arising from a preferred worker claim.

### ► Protection Against Catastrophic Accidents

Washington's industrial insurance system protects employers against massive losses that can result from a major catastrophic accident.

When a single accident kills or permanently disables three or more of your employees, all non-medical claim costs are paid out of a special "catastrophic injury account."

Your accident experience record is only charged for the cost of two single pension claims – each equal to the average of all pension claims resulting from that catastrophic accident.

### ► Worker Recourse for Injuries Caused By a Third Party

If one of your workers suffers a job-related injury or occupational disease, he or she cannot ordinarily sue you. However, the

injured worker may take legal action to recover damages if someone not in your employ – a “third party” – was responsible for the injury.

Third-party actions involve negligence on the part of someone not working for you. For example:

- The driver of a vehicle that hit the worker.
- The manufacturer of a defective product that injured the worker.
- A property owner who failed to properly maintain the premises.
- The owner of an animal that bit the worker.

How does third-party action benefit you, the employer? Successful third-party action benefits you because the amount recovered can be credited to your industrial insurance account, reducing the affect the claim has on your experience rating. (See page 7.)

Keep in the mind the following points about third-party action. If you have questions, contact the Third Party Section at 360-902-5100.

- The injured worker may initiate third-party action or Labor and Industries may, if the worker chooses not to do so. The employer cannot initiate this action.
- The injured worker continues to receive workers’ compensation benefits while he/she or L&I pursues legal action.
- L&I approval is required for any settlement that doesn’t cover the costs of the claim.
- If the injured worker receives a financial settlement and has funds remaining after repaying claim costs, his/her workers’ compensation benefits would stop. Benefits might resume in the future depending on the amount of the

remaining recovery and how long the worker is unable to work or continues to receive medical care.

## ► Preferred Worker Program

Under the Preferred Worker program, you can hire qualified employees, who previously have been injured, and receive the following financial benefits:

- **Premiums waived.** You are exempt from paying the accident-fund premium and medical-aid premium on the worker for up to three years after you initially hire him or her. (However, you and the worker must pay the supplemental-pension assessment.)
- **No injury costs.** No claim costs will be charged against your account if the worker is injured on the job within three years of the hiring date. Instead, the Second Injury Fund will pay any new claims costs. Therefore, your experience rating isn’t affected.

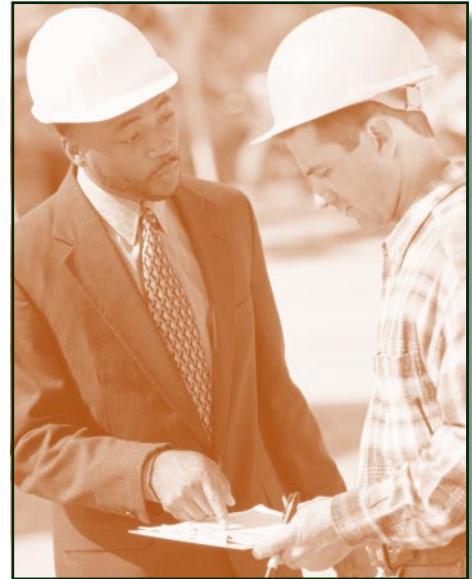
You receive these cost-saving benefits when you hire a worker who must change jobs because of an industrial injury or occupational disease. If you wish to hire a preferred worker, you must complete the “Intent to Hire a Preferred Worker” form and mail it to L&I before the person starts work. Information on the program, along with the necessary form, is available from the L&I office nearest you.

If a preferred worker is hurt on the job, be sure to say in your incident report that you hired the person under the Preferred Worker Program.



# Prevent Injuries And Control Your Costs

Preventing an injury or illness is the most effective way to protect your employees and limit the financial impacts of industrial insurance claims. You can also take other steps to manage a claim, if one occurs, that help reduce claims-related costs.



## Focus on Safety

### ► Know the Safety and Health Rules for Your Workplace

The Washington Industrial Safety and Health Act (WISHA) gives the Department of Labor and Industries responsibility for developing and enforcing workplace safety and health rules. You can find the WISHA rules on L&I's Web site at [www.LNI.wa.gov/wisha/regs/rpl.htm](http://www.LNI.wa.gov/wisha/regs/rpl.htm) or you can contact the L&I office nearest you for more information. Your compliance with these rules helps you protect your employees from workplace hazards.

Here are two examples:

**Rule Example 1:** You are required to develop and maintain an accident prevention program (APP) tailored to the hazards of your specific workplace. To learn more about developing an APP, visit [www.LNI.wa.gov/wisha/publications/app/default.htm](http://www.LNI.wa.gov/wisha/publications/app/default.htm) or call the L&I office nearest you.



**Rule Example 2:** You must make sure all employees have access to first-aid trained personnel. First-aid kits also must be available in the workplace. If you have 50 or more employees working on one shift at one location, you also must have a first-aid station.

For information on first-aid training classes, you can contact the American Red Cross, Evergreen Safety Council or your local fire department, hospital or community college. You also can find information on first aid training curricula on the L&I Web site at [www.LNI.wa.gov/wisha/ollearn/wpref.htm](http://www.LNI.wa.gov/wisha/ollearn/wpref.htm).

## ► Request a Safety and Health Consultation

Do you know the WISHA requirements that apply to your business? If you're not sure, you may want to request a safety and health consultation from L&I. A consultant – not an inspector – will meet with you and conduct a walkthrough survey of your worksite to identify hazards and recommend remedies. You **must** correct in a timely manner any serious hazards found during the consultation, but the consultant will not issue a citation or fine you.

The goal of a consultation is to help you self-monitor your work environment so you can recognize hazards and fix them before accidents occur. If you comply with safety and health rules, your employees will be better protected than if you simply tell them, "Be careful."

Visit the WISHA section of L&I's Web site to learn more about the safety and health services available to employers:

[www.LNI.wa.gov/wisha/ollearn/wishauniversity.htm](http://www.LNI.wa.gov/wisha/ollearn/wishauniversity.htm) These services include online training programs, publications, a video library and other training aids.

## ► Send the Right Message to Your Employees

Make your commitment to safety clear to your employees. Take positive steps to build a safety "culture." And don't tolerate behavior that disregards WISHA rules and safe work practices. Positive steps you can take include:

- Develop a written safety and health policy and share it with employees. A policy communicates your commitment to safety and health and defines what is expected of workers.
- Encourage employees to come forward with safety concerns. Employees are the best source of ideas for making changes that reduce workplace hazards.
- Empower your safety committee and hold regular meetings.
- Discuss safety in your orientation for new employees.
- Provide the training employees need to do new jobs or tasks safely.

For more ideas, contact the L&I office nearest you and ask to speak to a safety and health consultant.

## Manage Claims

Prevention through safety is the best defense against the emotional costs of a workplace injury and the financial impact of a workers' compensation claim. However, you should have a system in place to manage a claim, if an injury does occur. At a minimum, this system should include:

- Investigate any accident or "near miss." The purpose is not to fix blame or deny benefits to anyone injured, but to

determine what steps can be taken to avoid such accidents in the future.  
(See *Accident Records* on page 13.)

- Monitor claims consistently by assigning one person to handle them. (See *Monitoring Your Employees Claims* on page 19.) You will want to keep track of important dates and deadlines for protests or appeals.
- Learn about and take advantage of return-to-work strategies. The goal is to get an injured worker back to work as soon as possible. For example, some workers can carry out different tasks or work part time until they are fully recovered. Under the right circumstances, “modified” or “light duty” can speed recovery. Return-to-work strategies also can reduce the cost of time-loss benefits, which in turn helps minimize increases in premium rates.

For more information about managing claims effectively, contact the L&I office nearest you and ask to speak to a risk management specialist.

## Consider Retrospective Rating

If you are committed to operating a safe workplace, preventing accidents and managing workers’ compensation claims effectively, you may be interested in L&I’s Retrospective Rating Program (Retro).

Retro is an optional financial incentive program offered by Labor and Industries to help qualifying employers reduce their industrial insurance costs. Employers can enroll on their own or in a group plan sponsored by a trade association or professional organization. Employers may receive premium refunds or they may be assessed additional premium based on their performance.

Enrollment in this program occurs four times each year. Coverage runs for one year, beginning January 1, April 1, July 1 or October 1. For more information, contact:

Department of Labor and Industries  
Retrospective Rating Program  
PO Box 44180  
Olympia, WA 98504-4180  
Phone: 360-902-4851

*Monitoring claims cost is important because L&I uses these costs in computing your premium rates.*



## If You Disagree With An L&I Decision

The Department of Labor and Industries makes many decisions that may affect your business, such as audit findings or actions on industrial insurance claims. You have the right to protest

or appeal any decision and you must follow certain legal procedures to protect your rights.

You may either protest/request a reconsideration or appeal. The information below provides general guidance. Every order issued by L&I should contain a notice of your appeal rights. Please be sure to follow the information on your order if you wish to preserve your right to appeal.

### Protest/Reconsideration

If you disagree with a decision, you must send a letter to Labor and Industries protesting or requesting reconsideration of the ruling. Explain why you think it is unfair and what you think should be done. Please be specific.

If L&I's decision is in the form of a Notice and Order of Assessment, you must submit your request within 30 days of the day you receive the Notice. For all other decisions of the department, you have 60 days in which to submit your requests. If you write us within the appropriate time period after receiving a legal Notice and Order, the law requires us to respond to your protest with another written decision. This may either change or reaffirm our earlier ruling.

If you disagree with the second decision, you may appeal in writing to the Board of Industrial Insurance Appeals in Olympia.

### Appeal

If you prefer, you may appeal our initial decision directly to the Board of Industrial Insurance Appeals without first writing us. But you must send your letter or appeal to the board within the above time frames (30 days for an Assessment and 60 days for all other decisions) after receiving the legal order with which you disagree.

The Board of Industrial Insurance Appeals is separate and independent from Labor and Industries. It is a three-member, quasi-judicial board that conducts hearings on workers' compensation issues that cannot be settled to the satisfaction of you, your employee or Labor and Industries.

The appeal can be lengthy and complex. For complete information, please write to the Board for a copy of its booklet, *Your Right to Be Heard*, at the following address:

Board of Industrial Insurance Appeals  
PO Box 42401  
Olympia WA 98504-2401  
360-753-6823

Additional information on Firm appeals may be obtained at this L&I Web site:  
**[www.LNI.wa.gov/firmappeals/](http://www.LNI.wa.gov/firmappeals/)**

## Definition of an Employer

For purposes of industrial insurance coverage, an employer is defined within the law as:

Any person, body of persons, corporate or otherwise, and the legal representatives of a deceased employer, all while engaged in this state in any work covered by the provisions of this title, by way of trade or business, or who contracts with one or more workers, the essence of which is the personal labor of such worker or workers. (RCW 51.08.070)

A contractor in the building construction industry, registered under Chapter 18.27 RCW or licensed under Chapter 19.28 RCW is **not** considered to be an employer when:

- (1) Contracting with any other person, firm, or corporation currently engaging in a business which is registered under Chapter 18.27 RCW or licensed under Chapter 19.28 RCW;
- (2) The person, firm, or corporation works from a principal place of business that qualifies for a business deduction under Internal Revenue Service tax laws, other than that furnished by the prime contractor for which the person, firm or corporation has contracted to provide services;

*[The person, firm, or corporation subcontracting work from another contractor must have his or her own principal place of business that qualifies as a business deduction under internal revenue tax rules. The principal place of business may not be the same as that of the contractor for whom the subcontract work is performed.]*

- (3) The person, firm, or corporation maintains a separate set of books or records that reflect all items of income and expenses of the business; and
- (4) The work which the person, firm, or corporation has contracted to perform is:
  - (a) The work of a contractor as defined in RCW 18.27.010; or
  - (b) The work of installing wires or equipment to convey electric current or installing apparatus to be operated by such current as it pertains to the electrical industry as described in Chapter 19.28 RCW.

However, a contractor is considered to be the employer if he/she supervises the work of others or controls the means to accomplish the job. If you have specific questions, contact your local Labor and Industries office.

## Definition of a Worker

For purposes of industrial insurance coverage, a worker is defined within the law as follows:

Every person in this state who is engaged in the employment of an employer under this title, whether by way of manual labor or otherwise in the course of his or her employment; also every person in this state who is engaged in the employment of or who is working under an independent contract, the essence of which is his or her personal labor for an employer under this title, whether by way of manual labor or otherwise, in the course of his or her employment, or as a separate alternative, a person is not a worker if he or she meets the tests set forth in subsection (1) through (6) of RCW 51.08.195. Provided that a person is not a worker for the purpose of this title, with respect to his or her activities attendant to operating a truck he or she owns, and that is leased to a common or contract carrier (RCW 51.08.180).

In the building construction industry, there is an exception to this law. Under revised law, any person, firm or corporation currently laboring for a business that is registered under Chapter 18.27 RCW, or licensed under Chapter 19.28 RCW, is not a worker when:

(1) Contracting to perform work for any contractor registered under Chapter 18.27 or licensed under Chapter 19.28 RCW;

(2) The person, firm, or corporation has a principal place of business that would be eligible for a business deduction for internal revenue tax purposes other than that furnished by the contractor for which the business has contracted to furnish services.

*[The person, firm, or corporation subcontracting work from another contractor must have his or her own principal place of business that qualifies as a business deduction under internal revenue tax rules. The principal place of business may not be the same as that of the contractor for whom the subcontract work is performed.]*

(3) The person, firm, or corporation maintains a separate set of books or records that reflect all items of income and expenses of the business; and

(4) The work that the person, firm, or corporation has contracted to perform is:

(a) The work of a contractor as defined in RCW 18.27.010; or

(b) The work of installing wires or equipment to convey electric current or installing apparatus to be operated by such current as it pertains to the electrical industry as described in Chapter 19.28 RCW.

However, a person who is registered under Chapter 18.27 RCW or 19.28 RCW performing work for any registered contractor is a worker when the contractor supervises or controls the means by which the result is accomplished or the manner in which the work is performed.

If you have questions about these definitions or specific employment arrangements, please contact your local Labor and Industries office.



## Responsibility for Independent Contractors

If you enter into a contract with an independent contractor, you may be required to provide industrial insurance coverage during the period of the contract.

You must cover the contractor if he or she is a worker as defined in the industrial insurance laws. That definition (see previous section of Appendix A) includes workers “... working under an independent contract, the essence of which is his or her personal labor.”

The legal question of whether an independent contractor should be considered a worker employed by the contracting party, for industrial insurance purposes, has been the subject of a number of court cases.

RCW 51.08.195, gives an employer an alternative six-part test to determine if an independent contractor is exempt from mandatory coverage. This law has been adopted for both L&I and Employment Security, giving an employer an advantage in that both L&I and Employment Security will use the same six-part test to determine exemptions for independent contractors.

The six-part test states that a person is exempt if:

1. He or she is free from control and direction over the performance of the services, AND
2. The service is outside the usual course of business OR outside all the places of business the employer OR the individual is responsible for the costs of the principle place of business from which the service is performed, AND
3. The individual is engaged in an independently established trade of the same nature as the contract, OR the individual has a principle place of business eligible for IRS business deduction, AND
4. The individual is responsible for filing a schedule of expense and income with the IRS for the business, AND
5. On the effective date of contract or within a reasonable period, has established required accounts with state agencies, AND
6. Individual maintains separate set of books and records that reflect items of income and expense for the business.

You are subject to penalties for not covering an independent contractor if, under the law, coverage is required.

## Responsibility for Contract Entertainers

Under certain circumstances, you may be responsible for industrial insurance coverage for entertainers with whom you hold a contract.

If you sign a contract with an entertainer for a specific engagement, and the person performs no other services, he or she is not considered your employee under industrial insurance law.

If your contract is with the leader of a group acting as the employer of other group members, the leader is required to provide coverage for his or her employees.

However, if the leader does not pay the required premiums for employee coverage, you can be held responsible for those premiums.

You can protect yourself by checking to see whether the leader has registered with L&I and is current in his or her premium payments. Call L&I's Employer Services in Tumwater at 360-902-4817.

## Responsibility for a Subcontractor's Unpaid Premiums

You are legally responsible for payment of premiums due if someone under contract with you to perform a job fails to pay required industrial insurance premiums on his or her employees performing the work.

You can protect yourself from liability by taking the following actions:

1. Get the contractor's and subcontractor's industrial insurance account numbers and contractor registration numbers when you award the contract.
2. Before accepting a contract or before making your final payment on a contract, you should review the contractor's industrial insurance status on the Internet at [www.LNI.wa.gov/insurance/premium/](http://www.LNI.wa.gov/insurance/premium/). You can use this Web site to determine if your contractor or subcontractor has a current industrial insurance account.
3. You have a legal right to withhold from your payment the amount of premiums due if the contractor or subcontractor has failed to pay them. Send this amount to us with a letter of explanation, and the department will send you a written release from further liability.

A contractor may be exempt from liability for his or her subcontractors. A contractor registered under Chapter 18.27 RCW or licensed under Chapter 19.28 RCW, referring to the building construction industry, shall not be responsible for any premiums upon the work of any subcontractor if:

1. The subcontractor currently is engaged in a business that is registered under Chapter 18.27 RCW or licensed under Chapter 19.28 RCW;
2. The subcontractor has a principal place of business that is eligible for an IRS business deduction.
3. The subcontractor maintains a separate set of books or records that reflects all items of income and expenses of the business; and
4. The subcontractor has contracted to perform:
  - (a) The work of a contract as defined in 18.27.010 RCW;
  - (b) The work of installing wires or equipment to convey electric current or installing apparatus to be operated by such current as it pertains to the electrical industry as described in Chapter 19.28 RCW.

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**IMPORTANT NOTE:**

Contractors should be aware that, under industrial insurance law (Chapter 51.12 RCW), it is unlawful for any county, city or town to issue a construction building permit to any person who has not submitted an estimate of payroll to L&I and paid the required premiums. If the person qualifies for self-insurance, he/she must show proof of self-insurance certification before a permit can be granted.

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# Certificate of Coverage

## CERTIFICATE OF COVERAGE



Insurance Services Division  
Employer Services

Department of Labor & Industries  
PO Box 44144  
Olympia WA 98504-4144  
www.LNI.wa.gov

**EMPLOYER:** This official certificate of industrial insurance coverage is in lieu of a policy. It remains in effect until your account is officially closed. There is no limitation of benefits. You are required by law to post both this certificate and copies of the posters listed below. You will soon be receiving 1 copy of each. If you require additional copies, call Labor and Industries at 360-902-4817.

- Job Safety and Health Protection (available in Spanish)
- Your Rights as a Worker/Family Care
- Notice to Employees

**WORKER:** The employer named below is an insured policyholder with the Washington State Industrial Insurance Trust Fund.

UBI\*:

Policy Effective Date

Location


Employer

# SAMPLE

\*Your Unified Business Identifier is the only number you need to discuss your business account with the Washington state departments of Revenue, Licensing, Employment Security, Labor and Industries and the Office of the Secretary of State. Other state licenses or registrations may be required for proper licensing of your business.

F211-141-000-(8/02)

# Worker's Compensation Rate Notice



is date of issue  
Policyholder

## Worker's Compensation RATE NOTICE

for the Department of Labor & Industries  
Olympia, Washington

Effective Date
Unified Business Identifier (UBI)
Account ID
Experience Period

(These represent base rates)

Class Code	Class Description	Experience Factor EF	x	Accident Fund (AF)	+	Med Aid Fund (MA)	+	Supp Pension SP	=	YOUR RATE	Payroll Deduction

Use  
Rate X Units\*  
of Work  
When  
Computing Your  
Premiums  
On The  
Quarterly  
Report

This  
Rate X Units\*  
of Work  
May Be  
Deducted  
From Your  
Employees  
Payroll.

\* Units and/or Hours

# SAMPLE ONLY

**You can CONTROL YOUR WORKERS COMPENSATION COSTS with:**

**ACCIDENT PREVENTION and CLAIMS MANAGEMENT**

F225-004-000 rate notice 10-01

See reverse for more information


→

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# Report of Industrial Injury or Occupational Disease

Department of Labor & Industries  
Insurance Services Division  
PO Box 44291  
Olympia WA 98504-4291




## REPORT OF INDUSTRIAL INJURY OR OCCUPATIONAL DISEASE

<b>75. Injured worker's name</b> _____		<b>Claim #</b> _____	
<b>59. Name and title of person completing form</b> _____	<b>76. Social Security Number</b> _____	<b>77. Date of injury or last occupational exposure</b> ____/____/____	<b>78. When was it reported to you?</b> Select one Time ____ am ____ pm
<b>60. Name of business</b> _____			
<b>61. Business mailing address and phone number</b> _____ _____ City _____ State _____ ZIP _____			
<b>62. Business location (if different from mailing address)</b> _____ City _____ State _____ ZIP _____			
<b>63. UBI / L&amp;I account ID</b> UBI _____ Acct. ID: _____	<b>64. Worker's risk classification code</b> _____	<b>65. Hrs./da.</b> _____ <b>66. Dys/wk</b> _____	
<b>67. Rate of pay</b> Write amount, select rate \$ _____ Hour _____ Week _____ Day _____ Month _____	<b>68. Worker is:</b> <input type="checkbox"/> Owner <input type="checkbox"/> Partner <input type="checkbox"/> Corp. shareholder <input type="checkbox"/> Corp. Officer <input type="checkbox"/> Corp. Director <input type="checkbox"/> Opt'l Covge.		
<b>70. Avg daily earnings from piecework, tips or commissions.</b> List amount, specify source _____	<b>69. Does business have a maritime function?</b> Yes No <b>71. When will your employee return to work?</b> ____/____/____ <b>72. When did your employee last work?</b> ____/____/____		
<b>73. If the injury causes employee to miss time from work, will you pay wages?</b> Yes If yes, select appropriate pay No vacation sick contractual other _____	<b>74. Did the injured worker die?</b> Yes No		
<b>79. Describe in detail how the incident occurred</b> _____ _____ _____			
<b>80. Was this incident caused by failure of a machine or product OR someone who is not an employee?</b> Select one YES NO POSSIBLY			
<b>81. Part of body injured or exposed</b> _____			
<b>82. Do you question the validity of this claim?</b> Select one: if YES, explain below YES NO			
<b>83. Comments</b> Please review the worker's section for completeness and accuracy. If any answers need clarification, an explanation or completion, please give the number of the question and explain below.			
<b>84. Were you contributing to this worker and/or family's medical, dental and/or vision insurance on date of injury?</b> YES NO <b>85. If so, how much did you pay?</b> Day _____ Wk. _____ Mo. _____ <b>86. Was this medical insurance in effect on the day of injury?</b> YES NO <b>87. When will coverage end?</b> ____/____/____			
<b>88. Temporary light-duty work available during rehabilitation?</b> YES NO <b>89. Who can we contact about a transitional job?</b> Name: _____			
<b>90. List any witnesses</b> _____			
<b>91. I declare these statements are true to the best of my knowledge and belief.</b> X _____ Date ____/____/____ Sign and send original to L&I, PO Box 44299, Olympia WA 98504-4299			

F242-130-003 employer's section **report of accident** 12-01

# Notice of Claim Arrival

 <b>DEPARTMENT OF LABOR AND INDUSTRIES</b> <b>PO Box 44144</b> <b>Olympia WA 98504-4144</b>		<b>FIRST CLASS MAIL</b> <b>U.S. POSTAGE PAID</b> <b>OLYMPIA WA</b> <b>PERMIT #312</b>
<b>NOTICE OF CLAIM ARRIVAL</b> <small>THIS NOTICE DOES NOT NECESSARILY MEAN THAT THE CLAIM IS APPROVED</small>		
EMPLOYEE'S NAME		
CLAIM NUMBER	<div style="border: 1px solid black; padding: 2px; display: inline-block;">             Use this claim number              on all correspondence              Pertaining to this injury           </div>	TO:
DATE OF ACCIDENT	UBI NUMBER	
<hr/> RISK CLASS / NOTIFICATION DATE / ACCOUNT ID		

**We have received a Report of Industrial Injury or Occupational Disease for the employee named below.**

- If you have received the Employer's Portion of the Report of Industrial Injury or Occupational Disease (Accident Report) from the medical provider, please complete and send it to:

**Department of Labor and Industries**  
**PO Box 44299**  
**Olympia WA 98504-4299**

- If you have not received the Employer's Portion, call the local office of the Department of Labor and Industries or (360) 902-4817 or 1-800-LISTENS in Olympia and one will be mailed to you.
- IF YOU HAVE ALREADY SENT IN THE EMPLOYER'S PORTION, NO FURTHER ACTION IS NECESSARY.
- If this person was not your employee on the date of injury, please notify our Employer Services, PO Box 44144, Olympia WA 98504-4144, with a written statement.

Review the risk classification and determine if your firm reports this employee's hours in the class indicated below. Notify our Employer Services Section at (360) 902-4817 of any discrepancies.

## L&I's Web Site

- L&I's main Web site: **[www.LNI.wa.gov](http://www.LNI.wa.gov)**
- Web site for the Insurance Services Division of L&I: **[www.LNI.wa.gov/insurance](http://www.LNI.wa.gov/insurance)**
- Online text of Washington State Industrial Insurance Laws (Title 51):  
**[www.LNI.wa.gov/rules/](http://www.LNI.wa.gov/rules/)**
- *ExpressFiling*: **[www.LNI.wa.gov/expressfiling/](http://www.LNI.wa.gov/expressfiling/)**
- Report Fraud: **[www.LNI.wa.gov/fraud/](http://www.LNI.wa.gov/fraud/)**

## Often-requested Toll-free Telephone Numbers for L&I

- **Automated claims information: 800-831-5227**  
An automated telephone system that answers common claim-related information for injured workers, employers and medical providers.
- **Office of Information and Assistance: 800-547-8367**  
Serves as a central point of contact in Labor and Industries. Customer service representatives answer general questions about workers' compensation, workplace safety and health and other L&I services.
- **Safety and Health Information Line: 800-423-7233 (800-4BE-SAFE)**  
Provides a menu of options callers can use to request safety and health rules, learn about "right to know" billing, obtain information on ergonomics, order posters and publications and more. To make a workplace-related safety and health complaint, please call the L&I office nearest you.
- **Provider Line: 800-848-0811**  
Service providers involved in the care and treatment of injured workers use this number to obtain authorization for services and answers to billing questions.
- **Report-a-Fraud: 888-811-5974**  
Use this number to report contractor, employer, workers' compensation, or medical provider fraud.

# Addresses and Telephone Numbers for Local L&I Offices

## Region 1 Northwest Washington

Bellingham 360-647-7300  
1720 Ellis St., Suite 200  
Bellingham, WA 98225-4647

Everett 425-290-1300  
729 100th St. S. E.  
Everett, WA 98208-3727

Mount Vernon 360-416-3000  
525 E. College Way, Suite H  
Mount Vernon, WA 98273-5500

## Region 2 King County

Bellevue 425-990-1400  
616 120<sup>th</sup> Ave. N.E., Suite C201  
Bellevue, WA 98005-3037

Seattle 206-515-2800  
315 5<sup>th</sup> Ave. S., Suite 200  
Seattle, WA 98104-2607

Tukwila 206-835-1000  
PO Box 69050  
12806 Gateway Drive  
Tukwila, WA 98168-1050

## Region 3 Pierce County/ Peninsula

Bremerton 360-415-4000  
500 Pacific Ave., Suite 400  
Bremerton, WA 98337-1943

Port Angeles 360-417-2700  
1605 E. Front St., Suite C  
Port Angeles, WA 98362-4628

Tacoma 253-596-3800  
950 Broadway, Suite 200  
Tacoma, WA 98402-4453

## Region 4 Southwest Washington

Aberdeen 360-533-8200  
415 W. Wishkah, Suite 1B  
Aberdeen, WA 98520-4315

Longview 360-575-6900  
900 Ocean Beach Hwy  
Longview, WA 98632-4013

## Region 4 (continued)

Tumwater 360-902-5799  
7273 Linderson Way S.W.  
Tumwater, WA 98501-5414

Vancouver 360-896-2300  
312 S.E. Stonemill Dr., Suite 120  
Vancouver, WA 98684-3508

## Region 5 Central Washington

East Wenatchee 509-886-6500  
519 Grant Road E.  
East Wenatchee, WA 98802-5459

Kennewick 509-735-0100  
4310 W. 24<sup>th</sup> Ave.  
Kennewick, WA 99338

Moses Lake 509-764-6900  
3001 W. Broadway Ave.  
Moses Lake, WA 98837-2907

Okanogan 509-826-7345  
1234 2<sup>nd</sup> Ave. S.  
Okanogan, WA 98840-9723

Walla Walla 509-527-4437  
1815 Portland Ave., Suite 2  
Walla Walla, WA 99362-2246

Yakima 509-454-3700  
15 W. Yakima Ave., Suite 100  
Yakima, WA 98902-3401

## Region 6 Eastern Washington

Colville 509-684-7417  
298 S. Main, Suite 203  
Colville, WA 99114-2416

Pullman 509-334-5296  
PO Box 847  
1250 Bishop Blvd. S.E., Suite G  
Pullman, WA 99163-0847

Spokane 509-324-2600  
901 N. Monroe St., Suite 100  
Spokane, WA 98201-2149

*This document is available in other formats to accommodate persons with disabilities. For assistance, call 1-800-547-8367. (TDD users, please call 360-902-5797.) Labor and Industries is an Equal Opportunity Employer.*

**F101-002-000 [01/2003]**